



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Set Public Hearing for May 18, 2011 to Consider Adopting Resolution Setting Wastewater Rates for Residential, Commercial and Industrial Customers

MEETING DATE: April 6, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Set public hearing for May 18, 2011, to consider adopting resolution setting wastewater rates for residential, commercial and industrial customers.

BACKGROUND INFORMATION: City Council approved wastewater rate increases of 25 percent effective July 16, 2009; 20 percent effective July 1, 2010; 10 percent effective July 1, 2011; and five percent effective July 1, 2012. Also, the City Council approved an Engineering News Record – 20 Cities Average (ENR) based indexing of wastewater rates beginning with FY 2012/13. A Proposition 218 procedure was conducted that validated these actions.

Staff has regularly updated the Wastewater Utility Financial Plan with the assistance of the The Reed Consulting Group, Inc., of Sacramento. A copy of the current Financial Plan has been separately forwarded to the Council and is also attached as Exhibit A. The recommended rate adjustments in the Financial Plan are five percent beginning July 1, 2011 and five percent beginning July 1, 2012. The rates for this next year reflect a five percent increase that is substantially lower than the 10 percent increase approved by Council, and it includes an ENR-index adjustment of 3.60 percent

Staff recommends the Council adopt usage-based and flat monthly wastewater rates for residential and nonresidential customers as presented in Exhibit B, following the May 18, 2011 public hearing, that will become effective July 1, 2011. For residential customers paying a usage-based water bill (approximately 3,000), the wastewater usage-based monthly rate will be determined based upon their average monthly water usage from the previous December, January, and February. During the 2012 calendar year, comparative wastewater flat rate and usage-based rate information will be available to customers using the recommended wastewater usage-based rates. Actual billing for wastewater usage-based monthly rates will not begin for the 3,000 initially-billed customers until July 2012.

FISCAL IMPACT: Increased revenues to the wastewater utility are required to keep up with cost of service increases and new mandated costs.

FUNDING AVAILABLE: Not applicable.


F. Wally Sandelin
Public Works Director

FWS/pmf
Attachments
cc: Steve Mann, Information Systems Manager
Charlie Swimley, Deputy Public Works Director – Utilities

APPROVED:

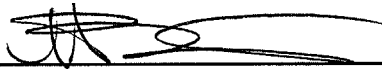

Konrad Bartlam, City Manager

Exhibit A
City of Lodi -- Wastewater Utility
Financial Plan Summary

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Overall Rate Increases -->		25%	12%	5%	5%	3%	3%	3%
WASTEWATER OPERATING FUND (170)								
Beginning Balance	6,590,013	2,864,000	3,473,455	4,008,000	4,851,000	5,195,200	5,154,600	4,226,200
Revenues								
Wastewater Sales	6,686,530	11,513,389	12,675,233	13,309,000	13,974,000	14,421,000	14,912,000	15,434,000
Infrastructure Replacement	2,589,687	-	-	-	-	-	-	-
Interest Earnings	(87,826)	20,156	37,000	68,000	107,000	142,000	170,000	165,000
Other Revenues	1,059,429	145,451	473,159	178,900	184,600	190,300	196,100	201,900
Transfer In for Debt Service (172)			-	-	151,371	57,000	68,000	79,000
Transfer In for Debt Service (173)	1,146,961	1,792,000	1,792,000	1,793,000	117,000	73,000	-	186,000
Transfer From/(To) RSF (174)	-	(250,000)	(250,000)	-	-	-	-	-
Total Revenues	11,394,781	13,220,996	14,727,392	15,348,900	14,533,971	14,883,300	15,346,100	16,065,900
Expenditures								
Transfer Out to Gen'l Fund (COS)	1,451,478	1,451,478	1,451,478	1,495,000	1,540,000	1,586,000	1,634,000	1,683,000
Transfer Out to WW Cap Outlay (171)	3,663,187	196,202	1,000,000	1,000,000	1,000,000	1,500,000	2,500,000	2,500,000
Transfer Out To WW Cap. Rsrv. (172)	-	750,000	750,000	750,000	106,371	-	-	-
Administration & Other	1,008,682	895,607	1,086,750	1,126,900	1,169,400	1,213,900	1,258,500	1,305,100
Plant Maintenance	3,709,041	3,504,683	4,588,716	4,774,000	4,966,000	5,165,000	5,373,000	5,590,000
Sanitary System Maintenance	556,805	601,772	601,150	622,000	644,000	667,000	691,000	716,000
Storm Drainage Maintenance	590,900	596,115	563,300	586,000	610,000	634,000	659,000	686,000
Industrial System Maintenance	20,091	6,714	33,500	35,000	36,000	37,000	38,000	39,000
2003 Wastewater COP Debt Service	382,647	382,733	381,000	379,000	381,000	377,000	378,000	378,000
2004 Wastewater COP Debt Service	2,145,713	2,148,800	2,148,000	2,139,000	2,138,000	2,140,000	2,140,000	2,135,000
2007 Wastewater COP Debt Service	1,592,250	1,588,050	1,589,000	1,599,000	1,599,000	1,604,000	1,603,000	1,607,000
Total Expenditures	15,120,794	12,122,154	14,192,894	14,505,900	14,189,771	14,923,900	16,274,500	16,639,100
Ending Balance	2,864,000	3,962,842	4,008,000	4,851,000	5,195,200	5,154,600	4,226,200	3,653,000
Operating Reserve (25%)	2,864,000	2,794,000	3,111,000	3,189,000	3,271,000	3,356,000	3,444,000	3,535,000
Available Balance	-	1,168,842	897,000	1,662,000	1,924,200	1,798,600	782,200	118,000
DS Coverage (min. = 1.20)	0.90	1.19	1.85	1.26	1.42	1.43	1.55	1.65
without COST	1.25	1.54	2.20	1.62	1.79	1.82	1.95	2.06
WASTEWATER CAPITAL OUTLAY (171)								
Beginning Balance	2,199,738	5,035,749	5,006,641	4,198,018	2,171,018	2,528,018	14,018	496,018
Revenues								
Transfer In (from 170-IRC)	2,589,687	196,202	1,000,000	1,000,000	1,000,000	1,500,000	2,500,000	2,500,000
Transfer In (from 170-Deprec.)	1,073,500	-	-	-	-	-	-	-
Investment Earnings	-	-	50,000	63,000	43,000	63,000	-	17,000
Total Revenues	3,663,187	196,202	1,050,000	1,063,000	1,043,000	1,563,000	2,500,000	2,517,000
Expenditures								

25%

Exhibit A
City of Lodi -- Wastewater Utility
Financial Plan Summary

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Capital Projects	827,176	-	-	-	-	-	-	-
Compressor		13,859	-	-	-	-	-	-
Vacumm Truck Engine Repl		17,835	-	-	-	-	-	-
Replacement Vehicle 04-003	-	20,760	-	-	-	-	-	-
Replacement Vehicle 04-137	-	20,760	-	-	-	-	-	-
2010 Storm Imprv		2,831	283,358	-	-	-	-	-
Charleston Storm Drain Improvements	-	-	-	-	-	-	-	-
Shady Acres Storm Drain PS Improv.	-	-	-	-	-	-	-	-
Elm Street Storm Drain Improvements	-	-	-	-	-	-	-	-
Misc. System Relocations	-	8,095	35,000	35,000	38,000	39,000	41,000	43,000
Misc. Wastewater Taps	-	11,196	40,000	40,000	43,000	45,000	47,000	49,000
Collect. System Capac. Enhanc. Projects	-	-	150,000	50,000	108,000	112,000	117,000	122,000
Wastewater Main Replac./Lining Proj.	-	560,946	100,000	2,080,000	108,000	2,250,000	117,000	2,433,000
Storm Drain Trash Handling System	-	-	-	200,000	-	-	-	-
Lift Sta. Remote Term. Unit Replac.	-	-	20,000	20,000	-	-	-	-
Vehicle Replac. (04-116) Boom Truck	-	-	50,000	-	-	-	-	-
Fats, Oils, and Grease Program	-	-	-	10,000	-	-	-	-
Compl. Studies - Cap Impr. & Rollover	-	-	60,000	-	-	-	-	-
Plant Maint. & Land Applic. Area Improv.	-	-	325,000	-	-	-	-	-
Replace 04-95 Vacuum Truck	-	-	340,000	-	-	-	-	-
Decommission Fleet Service Shop	-	-	17,500	-	-	-	-	-
Munic. Service Center PBX Replac.	-	877	38,000	-	-	-	-	-
Munic. Service Center Security Improv.	-	-	10,000	-	-	-	-	-
Munic. Service Center Parking Reconstr.	-	-	50,000	-	-	-	-	-
Munic. Service Center Modular Bldgs.	-	-	-	-	-	-	-	-
Lift Station Generator Replacements	-	-	100,000	-	108,000	-	-	-
Vehicles and Other Equipment	-	-	-	225,000	162,000	169,000	175,000	182,000
FOG Program and Reporting	-	-	-	-	-	-	-	-
Capacity Assurance Plan	-	-	-	-	-	-	-	-
White Slough Compliance Studies & Rpts	-	195,168	146,765	30,000	-	-	-	-
Plant Maint. & Land Applic. Area Improv.	-	-	-	370,000	-	-	-	-
Installation of CARB Filters	-	-	-	30,000	-	-	-	-
Pond Lining Project	-	-	-	-	-	1,350,000	1,404,000	-
Laser Alignment Tool	-	-	25,000	-	-	-	-	-
Shop Lathe	-	-	18,000	-	-	-	-	-
White Slough Roadway Improvements	-	-	-	-	-	-	-	-
Effluent Receiving Water Char. Study	-	-	-	-	-	-	-	-
Report of Waste Discharge	-	-	-	-	-	-	-	-
Fence Improvements/Repairs	-	-	-	-	-	-	-	-
Plant Security Enhancements	-	-	50,000	-	-	-	-	-

Exhibit A
City of Lodi -- Wastewater Utility
Financial Plan Summary

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Miscellaneous Reports	-	29,636	-	-	11,000	-	-	-
Future Projects	-	-	-	-	108,000	112,000	117,000	122,000
Total Expenditures	827,176	881,963	1,858,623	3,090,000	686,000	4,077,000	2,018,000	2,951,000
Ending Balance	5,035,749	4,350,000	4,198,018	2,171,018	2,528,018	14,018	496,018	62,018

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
WASTEWATER CAPITAL RESERVE (172)								
Beginning Balance	4,067,267	5,393,000	5,882,016	5,887,732	2,270,732	2,270,732	2,270,732	2,270,732
Revenues								
Transfer In from 173	5,930,000	-	-	-	-	-	-	-
Transfer In from 170	-	750,000	750,000	750,000	106,371	-	-	-
Interest Earnings	342,845	258,992	59,000	88,000	45,000	57,000	68,000	79,000
Total Revenues	6,272,845	1,008,992	809,000	838,000	151,371	57,000	68,000	79,000
Expenditures								
Capital Projects	4,947,112	375,716	-	-	-	-	-	-
White Slough Solids Handling Facility	-	-	803,284	4,455,000	-	-	-	-
White Slough Sludge Thickening	-	-	-	-	-	-	-	-
Transfer Out to 170 (for DS)	-	-	-	-	151,371	57,000	68,000	79,000
Total Expenditures	4,947,112	375,716	803,284	4,455,000	151,371	57,000	68,000	79,000
Ending Balance	5,393,000	6,026,000	5,887,732	2,270,732	2,270,732	2,270,732	2,270,732	2,270,732
Restricted Debt Service Reserve	2,170,000	2,476,087	2,332,103	2,332,103	2,270,732	2,270,732	2,270,732	2,270,732
2007 COP Proceeds (w/ fiscal agent)	5,634,000	5,258,284	4,455,000	-	-	-	-	-
Cash Deficit (amt. owed for past DS)	(2,411,000)	(1,708,371)	(899,371)	(61,371)	-	-	-	-

IMF WASTEWATER FACILITIES (173)

Beginning Balance	9,025,263	2,011,000	796,125	1,792,697	116,697	72,697	(503,303)	185,697
Revenues								
Wastewater IMF	261,889	226,270	-	90,000	450,000	339,000	704,000	915,000
Wastewater IMF from PCE/TCE & WTP			2,880,572					
Interest Earnings	173,567	53,400	8,000	27,000	2,000	2,000	(15,000)	6,000
Total Revenues	435,456	279,670	2,888,572	117,000	452,000	341,000	689,000	921,000
Expenditures								
Transfer Out (to 170 for DS)	1,146,961	1,792,000	1,792,000	1,793,000	117,000	73,000	-	186,000

Exhibit A
City of Lodi -- Wastewater Utility
Financial Plan Summary

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Transfer Out (to 172 for past DS)	5,930,000	-	-	-	-	-	-	-
Capital Projects	372,758	-	-	-	-	-	-	-
Decommission Old Fleet Services Shop	-	5,059	-	-	-	-	-	-
Lift Station Generator Repl. (Peterson Park)	-	-	-	-	-	-	-	-
City-Wide IMF Program Update	-	-	100,000	-	-	-	-	-
MSC Space Planning & Facil. Eval. Study	-	-	-	-	-	-	-	-
WW Collect. Mstr. Plan (GP Expan. Areas)	-	-	-	-	-	-	-	-
MSC Facility Rehab/Expansion	-	-	-	-	379,000	844,000	-	-
Total Expenditures	7,449,719	1,797,059	1,892,000	1,793,000	496,000	917,000	-	186,000
Ending Balance	2,011,000	494,000	1,792,697	116,697	72,697	(503,303)	185,697	920,697
Owed Fund 170 for DS	-	-	-	4,000	1,684,000	3,411,000	5,211,000	6,827,000
WW Rate Stabilization Fund (174)								
Beginning Balance	-	-	250,000	500,000	500,000	500,000	500,000	500,000
Revenues								
Transfer In from 170	-	250,000	250,000	-	-	-	-	-
Total Revenues	-	250,000	250,000	-	-	-	-	-
Expenditures								
Transfer Out to 170	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-
Ending Balance	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000

Aggregate End-of-Year Balance	15,304,000	15,083,000	16,386,000	9,909,000	10,567,000	7,436,000	7,679,000	7,406,000
Operating Reserve (25%)	2,864,000	2,794,000	3,111,000	3,189,000	3,271,000	3,356,000	3,444,000	3,535,000
Restricted DS Reserve	2,170,000	2,476,087	2,332,103	2,332,103	2,270,732	2,270,732	2,270,732	2,270,732
2007 COP Proceeds	5,634,000	5,258,284	4,455,000	-	-	-	-	-
Rate Stabilization Fund	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000
Net Available for Capital Projects	4,636,000	4,304,629	5,987,897	3,887,897	4,525,268	1,309,268	1,464,268	1,100,268

Exhibit B**City of Lodi -- Wastewater Utility****Current and Proposed Wastewater Rates**

	Current		July 2011	
Residential				
Percent Increase			5	
Flat Rates (\$/month)				
1 Bedroom	\$	23.30	\$	24.47
2 Bedroom	\$	31.07	\$	32.62
3 Bedroom	\$	38.84	\$	40.78
4 Bedroom	\$	46.61	\$	48.93
5 Bedroom	\$	54.37	\$	57.09
6 Bedroom	\$	62.14	\$	65.24
7 Bedroom	\$	69.91	\$	73.40
Usage-Based Rates				
Service Charge (\$/month)	\$	21.22	\$	22.28
Usage Charge (\$/CCF) (1)	\$	2.41	\$	2.53
Non-Residential (\$/month)				
Moderate Strength (per SSU)	\$	31.07	\$	32.62
High Strength				
Flow (per MG, annual basis)	\$	3,145.95	\$	3,303.25
BOD (per 1,000 lbs, annual basis)	\$	519.16	\$	545.12
SS (per 1,000 lbs, annual basis)	\$	324.61	\$	340.84
Grease Interceptor & Septic Holding Tank				
Waste within City Limits (per 1,000 gal.)	\$	274.89	\$	288.63
Septic (only) Holding Tank Waste				
Outside City Limits (per 1,000 gal.)	\$	583.55	\$	612.73
Disposal to Storm Drain System (per MG)	\$	288.74	\$	303.18

Notes:

(1) Winter water usage determined as average monthly usage from December through February.



*Please immediately confirm receipt
of this fax by calling 333-6702*

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

**SUBJECT: PUBLIC HEARING TO CONSIDER RESOLUTION SETTING
WASTEWATER RATES FOR RESIDENTIAL, COMMERCIAL, AND
INDUSTRIAL CUSTOMERS**

PUBLISH DATE: SATURDAY, APRIL 9, 2011

LEGAL AD

TEAR SHEETS WANTED: One (1) please

**SEND AFFIDAVIT AND BILL TO:
LNS ACCT. #0510052**

RANDI JQHL, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, APRIL 7, 2011

**ORDERED BY: RANDI JQHL
CITY CLERK**


JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

Faxed to the Sentinel at 369-1084 at _____ (time) on _____ (date) _____ (pages)							
LNS _____	Phoned to confirm receipt of all pages at _____ (time)	CF _____	MB _____	JMR (initials)			



DECLARATION OF POSTING

PUBLIC HEARING TO CONSIDER RESOLUTION SETTING WASTEWATER RATES FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS

On Thursday, April 7, 2011, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider resolution setting wastewater rates for residential, commercial, and industrial customers (attached and marked as Exhibit A) was posted at the following locations:

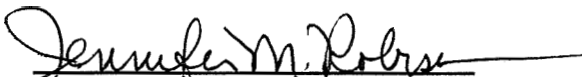
Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 7, 2011, at Lodi, California.

ORDERED BY:

**RANDI JOHL
CITY CLERK**


JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: May 18, 2011

Time: 7:00 p.m.

For information regarding this notice please contact:

Randi Johl

City Clerk

Telephone: (209) 333-6702

EXHIBIT A

NOTICE OF PUBLIC HEARING


NOTICE IS HEREBY GIVEN that on **Wednesday, May 18, 2011**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) Resolution setting wastewater rates for residential, commercial, and industrial customers (as identified on the attached Exhibit A).**

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2nd Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

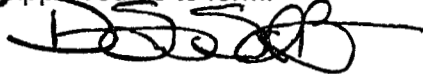
If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk at, or prior to, the public hearing.

By Order of the Lodi City Council:


Jennifer M. Robinson
Randi Johl
City Clerk

Dated: April 6, 2011

Approved as to form:



D. Stephen Schwabauer
City Attorney

**City of Lodi -- Wastewater Utility
Current and Proposed Wastewater Rates**

	Current	July 2011
Residential		
Percent Increase		5
Flat Rates (\$/month)		
1 Bedroom	\$ 23.30	\$ 24.47
2 Bedroom	\$ 31.07	\$ 32.62
3 Bedroom	\$ 38.84	\$ 40.78
4 Bedroom	\$ 46.61	\$ 48.93
5 Bedroom	\$ 54.37	\$ 57.09
6 Bedroom	\$ 62.14	\$ 65.24
7 Bedroom	\$ 69.91	\$ 73.40
Usage-Based Rates		
Service Charge (\$/month)	\$ 21.22	\$ 22.28
Usage Charge (\$/CCF) (1)	\$ 2.41	\$ 2.53
Non-Residential (\$/month)		
Moderate Strength (per SSU)	\$ 31.07	\$ 32.62
High Strength		
Flow (per MG, annual basis)	\$ 3,145.95	\$ 3,303.25
BOD (per 1,000lbs, annual basis)	\$ 519.16	\$ 545.12
SS (per 1,000lbs, annual basis)	\$ 324.61	\$ 340.84
Grease interceptor & Septic Holding Tank		
Waste within City Limits (per 1,000gal.)	\$ 274.89	\$ 288.63
Septic (only) Holding Tank Waste		
Outside City Limits (per 1,000gal.)	\$ 583.55	\$ 612.73
Disposal to Storm Drain System (per MG)	\$ 288.74	\$ 303.18

Notes:

(1) Winter water usage determined as average monthly usage from December through February.